No. 99-150

Supreme Court, U. S.
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IN THE

Supreme Court of the United States

WAL-MART STORES, INC.,

Petitioner,

v.

SAMARA BROTHERS, INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF OF PRIVATE LABEL MANUFACTURERS ASSOCIATION AS *AMICUS CURIAE* IN SUPPORT OF REVERSAL OF THE DECISION BELOW

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QUESTION PRESENTED

This Court, by order dated October 4, 1999, granted certiorari on the following question:

> What must be shown to establish that a product's design is inherently distinctive for purposes of Lanham Act trade-dress protection?

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PRELIMINARY STATEMENT

Pursuant to Rule 37 of the Supreme Court Rules, Private Label Manufacturers Association ("PLMA"), with the consent of the parties, submits this brief as *amicus curiae* in support of reversal of the majority decision below (Newman, CJ. dissenting).[1]

INTEREST OF *AMICUS CURIAE*

PLMA is a major trade association representing over 3,200 companies which are involved in the manufacture and distribution of private label or store brand products, *i.e.*, items sold under the retailer's or wholesaler's brand name in supermarkets, drug chains and mass merchandisers throughout the United States. Store brand products include: over-the-counter drugs, health and beauty care items, packaged and processed foods, beverages, snacks, household cleaners, outdoor and leisure products, auto aftercare and a wide range of other general merchandise.

For the fifty-two (52) week period ending December 31, 1998, store brands accounted for $35.4 billion in supermarket sales and 19.9% of supermarket unit sales. At drug chains, store brands accounted for $2.9 billion in sales and 13.4% of unit sales. With respect to mass merchandisers, store brands accounted for $5.0 billion in sales and 11.8% of unit sales. *PLMA's 1999 Private Label Yearbook* at 3 (statistics compiled by Information Resources, Inc.). Overall, private label accounts for over $43 billion in annual sales at

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1. All parties have consented to the filing of this brief by letters filed with the Clerk of the Court. Counsel for PLMA authored this brief in whole and no person or entity, other than PLMA, made a monetary contribution to its preparation or submission.

U.S. supermarkets, drug chains, and mass merchandisers combined — approximately one out of every five products sold is a store brand.

From the consumers' point of view, store brands represent substantial savings for products of comparable or superior quality and performance to the leading national brands. Typical of the savings that consumers enjoyed in 1997 were $1.4 billion for carbonated beverages, $423 million for vitamins, and $339 million for disposable diapers. Purchasers of store brands saved some $15.8 billion in supermarkets, drug chains, and mass merchandisers in 1997. *See PLMA's 1998 Private Label Yearbook* at 10-11 (based on statistics compiled by Information Resources, Inc.).

PLMA has a direct and substantial interest in the preservation of open, competitive markets in which manufacturers may offer consumers quality goods at reasonable prices as an alternative to national branded products. PLMA's *amicus curiae* submission is intended to support innovation in product design and consumer choice and to demonstrate the need for this Court to adopt, in the context of product configuration trade dress, a precise definition of "inherently distinctive," which is consistent with the legislative purpose of Section 43(a) of the Lanham Act and avoids the creation of undesirable and unauthorized monopolies in the guise of "trade dress" over common-place configurations of individual products.

SUMMARY OF ARGUMENT

PLMA submits this *amicus curiae* brief in support of reversal of the majority decision of the Second Circuit Court of Appeals which adopted and misapplied an incorrect definition of "inherent distinctiveness" in concluding that

the commonplace elements found in certain of respondent's products were entitled to trade dress protection in the absence of secondary meaning.

The federal law of unfair competition, codified by Section 43(a) of the Lanham Act, has its roots in the tort of deceit. The law is intended to protect consumers from confusion as to the source of origin of the product. The law of unfair competition is not intended to hinder competition or grant monopoly power.

It is essential that this Court reiterate these well established principles and protect the public interest by preserving the balance between free and fair competition in the marketplace and the limited and carefully circumscribed monopolies inherent in the statutory and judicially mandated protections found in the patent, trademark and copyright laws. The temptation to judicially expand these statutory monopolies on a case by case basis in the lower courts so as to embrace a myriad of statutorily unprotected shapes, forms, sizes and appearances of commonplace products must be recognized and avoided. In product configuration cases where secondary meaning[2] is absent, the formulation of a narrowly phrased definition of "inherently distinctive," an element introduced by this Court in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992), is essential so as to settle any split between the circuit courts, reduce the volume of trade dress litigations and provide legal guidance and certainty for manufacturers of competing products.

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2. The term "secondary meaning" is used to refer broadly to the consumer's association of the appearance of a product's trade dress and the product's identity, reputation and goodwill. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 766 n.4 (1992).

The broad reach and potentially anti-competitive effects of the Second Circuit's decision in the case at bar, which applied a vague and imprecise definition of "inherently distinctive" to an entire line of product configurations, underscores the need to adopt a uniform judicial standard for determining whether a specific product configuration not protected by patent or registered copyright or trademark constitutes protectable trade dress, absent secondary meaning.

PLMA, as *amicus curiae*, respectfully submits that there is a significant distinction between labels, packaging and other types of trade dress, which are inherently distinctive and clearly serve as indicators of source of manufacture and constitute protectable trade dress on the one hand and the configuration of the product itself, which oft-times embodies pleasing but commonplace design elements not perceived as an indicator of source of manufacture on the other. Such distinction requires in product configuration cases retention of the rule that secondary meaning must be proven. PLMA also supports this Court's adoption of the Third Circuit's definition of "inherently distinctive" set forth in *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431 (3d Cir. 1994).

ARGUMENT

I.

SECTION 43(a) TRADE DRESS ANALYSIS

A. Lanham Act Section 43(a)

The narrow question on which this Court granted certiorari must be considered in the context of the history

and statutory purpose of the Lanham Act. The tort of unfair competition has been codified in the federal law by Section 43(a) of the Lanham Act, *as amended*, 15 U.S.C. § 1125(a) ("Section 43(a)"). By enacting Section 43(a), which in the words of this Court, "creates a federal remedy for making 'a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same. . . .' Congress has thus given federal recognition to many of the concerns that underlie the state tort of unfair competition. . . ." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 166 (1989). "The law of unfair competition has its roots in the common-law tort of deceit: its general concern is with protecting consumers from confusion as to source." *Bonito Boats*, 489 U.S. at 157; SEN. REP. NO. 1333, 79th Cong., 2d Sess. (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1275. This concern is exemplified by the analytical test for trade dress infringement articulated by this Court in *Two Pesos*:

> [U]nder the Lanham Act [§ 43(a)], the ultimate test is whether the public is likely to be deceived or confused by the similarity of the marks. . . . Whether we call the violation infringement, unfair competition or false designation of origin, the test is identical — is there a 'likelihood of confusion?'

505 U.S. 763, 780 (1992) (Stevens, J. concurring).

This Court has continuously reaffirmed Congress' policy, reflected in the trademark, patent and copyright laws, to "promote invention while at the same time preserving free competition." *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230-31 (1964); *Bonito Boats*, 489 U.S. at 144; *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

B. The Law Of Trade Dress

1. *Section 43(a) Provides Protection For Trade Dress*

It is well established that trade dress is entitled to protection in the same manner as trademarks pursuant to Lanham Act Section 43(a). As this Court held in *Two Pesos*, 505 U.S. 763 (1992), for trade dress to be entitled to protection: (1) the trade dress must be inherently distinctive or have acquired distinctiveness through secondary meaning, and (2) there must be a showing of likelihood of confusion with defendant's trade dress. This Court made clear in *Two Pesos*, which did not involve product configuration, that "proof of secondary meaning is not required to prevail on a claim under § 43(a) of the Lanham Act where the trade dress at issue is inherently distinctive." 505 U.S. at 776.

2. *Primary Goals Of Trade Dress Protection*

a. *Protection Of Consumers From Confusion*

As discussed above, the ultimate aim of trade dress law is protection of the consumer from confusion, mistake and deception in commerce. 15 U.S.C. § 1125(a); *Bonito Boats*, 489 U.S. at 157; J. THOMAS MCCARTHY, 1 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:8 at 2-15 (4th ed. & Supp. 1999). Trade dress that functions as a source indicator may inform consumers as to different product characteristics, including source, price, quality and type of product. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163-65 (1995). Misperceptions as to any of these may result in confusion, and harm the deceived consumers financially, physically or otherwise. *Qualitex*, 514 U.S. at 164-65.

b. *Trade Dress Law Fosters Competition By Avoiding Monopolization And Promoting The Free Flow Of Information And Ideas In The Marketplace*

Unfair competition law is not and was never intended to be used as an anti-competitive device to prevent or handicap new market entrants. *See Publications Int'l, Ltd. v. Landoll, Inc.*, 164 F.3d 337, 340 (7th Cir. 1998), *cert. denied*, 119 S. Ct. 1498 (1999); *Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76, 81 (2d Cir. 1990), *cert. denied*, 499 U.S. 976 (1991); *Stormy Clime Ltd. v. ProGroup, Inc.*, 809 F.2d 971, 978 (2d Cir. 1987); *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299, 301 (2d Cir. 1917) (Hand, CJ).

Trade dress law generally promotes competition by avoiding monopolization and promoting the free flow of information. *See Qualitex*, 514 U.S. at 168-70; *Sears, Roebuck & Co.*, 376 U.S. at 230-31; *Compco Corp.*, 376 U.S. 234.

Monopolization by a dominant market participant can harm the consumer by increasing costs and limiting product choice and availability. Accordingly, it has long been the rule that established market manufacturers may not use their dominant position in the market to exclude new entrants. *Crescent Tool*, 247 F. at 301. "It is a first principle of trademark law that an owner may not use the mark as a means of excluding competitors from a substantial market." *Wallace Int'l Silversmiths*, 916 F.2d at 81; *Stormy Clime*, 809 F.2d at 978. Trade dress law, therefore, should not be applied so as to permit an entrenched manufacturer to obtain an unfair competitive position by monopolizing a relatively

insignificant alleged trade dress which has not acquired secondary meaning.

In *Bonito Boats*, this Court acknowledged this well established fundamental tenet by, among other things, quoting with approval from Judge Learned Hand's statement in *Crescent Tool*, 247 F. 299:

> [T]he plaintiff has the right not to lose his customers through false representations that those are his wares which in fact are not, but he may not monopolize any design or pattern, however trifling. The defendant, on the other hand, may copy plaintiff's goods slavishly down to the minutest detail: but he may not represent himself as the plaintiff in their sale.

489 U.S. at 157; *Sears, Roebuck & Co.*, 376 U.S. 225; *Compco Corp.*, 376 U.S. 234. Clearly, copying, even "slavish" copying, of trade dress elements by a competitor is permissible so long as the competitor avoids source confusion. *Bonito Boats*, 489 U.S. at 157. "It is not ipso facto 'unfair competition,' . . . for one boldly to copy a competitor's product; it is only 'unfair competition' to trade off another's good will and in the process dupe consumers into mistaking one's products for another's."[3] *Duraco*, 40 F.3d at 1448.

3. Emboldened by this Court's relaxation of the requirement of secondary meaning in *Two Pesos*, numerous litigations have been initiated seeking trade dress protection under the Lanham Act for all manner of products without regard for originality or designation of origin, thereby essentially ignoring the doctrine that copying is permissible so long as the competitor avoids source confusion. *See, e.g., Henri Bendel, Inc. v. Sears, Roebuck & Co.*, 25 F. Supp.2d 198 (S.D.N.Y. 1998) (unsuccessfully claiming competitor's green (Cont'd)

So long as consumer confusion is avoided through labelling, packaging or other designation separate and apart from the product itself, a manufacturer does not offend principles of trade dress law and does not infringe trade dress by offering a product of similar appearance. Consumers benefit from the availability of the alternative products and having product equivalency information at a glance; consumers, for example, know that a store brand product is produced by a party other than a recognized national brand. *Conopco, Inc. v. May Dep't Stores Co.*, 46 F.3d 1556 (Fed. Cir. 1994), *cert. denied*, 514 U.S. 1078 (1995); *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033 (2d Cir. 1992); *American Home Prods. v. Barr Lab.*, 656 F. Supp. 1058 (D.N.J.), *aff'd*, 834 F.2d 368 (3d Cir. 1987). In addition to fostering consumer choice and price savings, this "information exchange" decreases shopping time, provides information about significant characteristics of competing products, and advances the societal interest in providing full information to consumers. *Weight Watchers Int'l, Inc. v. Stouffer Corp.*, 744 F. Supp. 1259, 1277 (S.D.N.Y. 1990) (quoting *Central Hudson Gas & Elec. Corp. v. Public Serv. Comm. of New York*, 447 U.S. 557, 561-62 (1980)). It is clear that both the anti-monopoly and educational aims of trade dress law are enhanced by vigorous competition between competing manufacturers and likewise diminished by an unwarranted judicial expansion of the definition of

(Cont'd)
and white cosmetics bag infringed on its brown and white cosmetics bag); *Sports Traveler, Inc. v. Advance Magazine Publishers, Inc.*, 25 F. Supp.2d 154, 163 (S.D.N.Y. 1998) (seeking protection for magazine cover); *Herman Miller, Inc. v. Palazzetti Imports & Exports, Inc.*, 998 F. Supp. 757 (E.D. Mich. 1998) (seeking protection for shape of lounge chair and ottoman). The economic burden of such litigation is ultimately reflected in the costs of the product and borne by the consumer, and hence impacts on the public interest.

"inherently distinctive" as exemplified by the majority decision below.

II.

PRODUCT CONFIGURATION TRADE DRESS IS LESS LIKELY TO BE AN INDICATOR OF SOURCE THAN OTHER TYPES OF TRADE DRESS AND ACCORDINGLY SHOULD BE SUBJECT TO A STRICTER STANDARD FOR ACHIEVING TRADE DRESS PROTECTION

A. Product Configurations Distinguished

Trade dress protection may be extended to the non-functional characteristics of a product's configuration. *See, e.g., I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27 (1st Cir. 1998); *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 663-64 (7th Cir. 1995), *cert. denied*, 516 U.S. 1159 (1996); *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 516-17 (9th Cir.), *cert. denied*, 493 U.S. 872 (1989); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 16 (1995). Product configurations are fundamentally different, however, from other types of trade dress, such as labelling and packaging. *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 377-78 (2d Cir. 1997); *Duraco Prods., Inc. v. Joy Plastic Enter., Ltd.*, 40 F.3d at 1431, 1433-34 (3d Cir. 1994).

For example, since the vast majority of private label purchases are on-the-spot decisions, consumers often rely on a product's configuration to identify the category or function of the product. Pleasing or educative product configurations are often referred to as "aesthetically functional" configurations and, like other functional trade

dress, are not entitled to trade dress protection. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 170 (1995) ("The 'ultimate test of aesthetic functionality,' . . . 'is whether the recognition of trademark rights would significantly hinder competition.' ").

Any product configuration which is not intended to and does not attempt to identify the source of manufacture or designation of origin of the product should not be entitled to trade dress protection. *Duraco*, 40 F.3d at 1448-49; *Winner Int'l LLC v. Omori Enter., Inc.*, 60 F. Supp.2d 62, 66 (E.D.N.Y. 1999). For example, a manufacturer of dry cereals who chooses to market a round corn flake should not be heard to complain if a competitor does likewise, assuming the existence of packaging and labelling accurately denoting source of manufacture and the absence of secondary meaning. It is highly unlikely that a round corn flake will be intended or understood by the consumer to denote source of origin. To provide trade dress protection in such a case would be to improperly grant monopoly power to a single enterprise and impair competition and the public interest.

As the Second Circuit noted in *EFS Marketing, Inc. v. Russ Berrie & Co.*:

> [P]roduct-configuration trade dresses are less likely than packaging-configuration dresses to serve the source-identification function that is a prerequisite to Lanham Act protection. We recognized that consumers do not associate the design of a product with a particular manufacturer as readily as they do a trademark or a product-packaging trade dress. They are more likely to be attracted to the product for the product's features,

> rather than for the source-identifying role the features might play.

76 F.3d 487, 491 (2d Cir. 1996). The Third Circuit in *Duraco* reached a similar conclusion:

> [U]nlike packaging, a product configuration differs fundamentally from a product's trademark, insofar as it is not a symbol according to which one can relate the signifier (the trademark or perhaps the packaging) to the signified (the product).

Duraco, 40 F.3d at 1440.

Accordingly, when addressing product configurations, courts must bear this distinction in mind and be vigilant to ensure that competition is protected and the purpose and intent of trade dress law is upheld. As the Third Circuit held in *Versa Products, Co. v. Bifold Co. (Manufacturing) Ltd.*:

> Where product configurations are concerned, we must be especially wary of undermining competition. Competitors have broad rights to copy successful product designs when those designs are not protected by (utility or design) patents. It is not unfair competition for someone to trade off the goodwill of a product . . . it is only unfair to deceive consumers as to the origin of one's goods and thereby trade off the good will of a prior producer.

50 F.3d 189, 207 (3d Cir.), *cert. denied*, 516 U.S. 808 (1995). Some of the circuit courts have held that plaintiffs must meet a higher standard of establishing entitlement to trade dress

protection of product configurations. *E.g.*, *Thomas & Betts Corp.*, 65 F.3d 654; *Duraco*, 40 F.3d at 1447. When considering "product configuration:"

> A proper approach to inherent distinctiveness must distinguish between nonfunctional but desirable designs — which, absent secondary meaning, unfair competition law has no interest in precluding others from copying — and nonfunctional designs representing to consumers the source of the goods — which unfair competition law does and should forbid others from copying.

Duraco, 40 F.3d at 1448.

A prior Second Circuit panel has correctly recognized that:

> Since trademark protection extends for an unlimited period, expansive trade dress protection for the design of products would prevent some functional [or descriptive] products from enriching the public domain. This threat is particularly great when . . . a first manufacturer seeks broad trade dress protection for a product on the ground that its . . . features . . . [are] distinctive.

Stormy Clime Ltd. v. ProGroup, Inc., 809 F.2d at 971, 978 (2d Cir. 1987).

The adoption of an overly expansive definition of "inherently distinctive" product configurations is contrary to the public interest and will improperly grant monopoly

protection to product configurations which are not intended to identify the source of origin and which have not acquired secondary meaning. Such monopolies are contrary to the legislative purpose and intent of trade dress law, will stifle competition and undermine the ability of competitors to inform consumers of the category or function of the product.

B. The Proper Test For Product Configurations

Any definition of protectable trade dress with regard to product configurations must reflect the foregoing concerns and provide a clear guideline under which competitors can innovate, design and market their products. Such definition must protect the balance between innovation and competition sought by Congress.[4] The absence of such definition or the continuation of a vague definition which invites misapplication to the facts of a particular case threatens to provide unreasonable and unlimited Section 43(a) protection for every ostensibly new shape, appearance or image of a product, and, arguably, for every new combination of commonplace elements embodied in a trade dress when taken as a whole. Virtually any commonplace product in the supermarket or neighborhood drug store could be a candidate for a trade dress protection claim.

The most effective method of evaluating product configurations to ensure open competition and to protect

4. *Stormy Clime*, 809 F.2d at 978 ("courts must be sensitive to whether a grant of trade dress protection would close all avenues to a market that is otherwise open in the absence of a valid patent"); *Esercizio v. Roberts*, 944 F.2d 1235, 1241 (6th Cir. 1991), *cert. denied*, 505 U.S. 1219 (1992).

consumers is to require a finding of secondary meaning.[5] Inasmuch as product configuration rarely operates as a designator of origin and appropriate labelling and packaging can be counted on to serve such function, innovation will be hampered minimally, if at all, by requiring proof of secondary meaning as a prerequisite to granting trade dress protection to a product configuration. Such a burden is far outweighed by the benefits to competition and consumers which will result from requiring a showing of secondary meaning in product configuration cases. Reaffirmation of the secondary meaning requirement will properly prevent the inappropriate grant of monopoly power to product configurations which do not operate as designators of origin.

If, however, this Court elects to extend *Two Pesos* to the instant product configuration case, a determination which PLMA vigorously opposes, it is imperative that this Court adopt a narrow and concise definition of "inherently distinctive" such as the definition articulated by the Third Circuit in *Duraco*.

5. Such a requirement does not conflict with this Court's holding in *Two Pesos* because such holding was with respect to product packaging and did not address the unique elements of product configuration outlined above. It would be a leap for this Court to now expand the law of trade dress to protect product configurations like the ones at bar which are integral parts of the products and reflect little or no innovation.

III.

THIS COURT SHOULD ADOPT THE *DURACO* TEST FOR INHERENT DISTINCTIVENESS

In *Duraco*, the Third Circuit held that to be inherently distinctive, a product configuration must be:

> (1) unusual and memorable; (2) conceptually separable from the product; and (3) likely to serve primarily as a designator of origin of the product.

40 F.3d 1431, 1448-49 (3d Cir. 1994).

In *Duraco*, plaintiff's most profitable products were planters shaped like grecian urns. *Id.* at 1434. Although constructed of plastic, plaintiff maintained that the key to the success of the was "that a careful combination of ornamental features creates in them [the planters] the illusion of marble, cement, or stone construction." *Id.* at 1434.

Defendant was one of several manufacturers which competed with plaintiff in the "plastic planter market." *Id.* at 1435. Defendant began production of the "ultimate urn" which was "strikingly similar in appearance" to plaintiff's grecian urns. *Id.* The record evidence established differences in quality, capacity and center of gravity. *Id.*

Upon learning of defendant's competing planters, plaintiff brought suit claiming "the total composition of all the elements of its urns' configuration, including the rim, the finish, the joining of the top and bottom halves, and the color" constituted trade dress entitled to protection by the patent and trademark laws. *Id.*

In holding that the plaintiff's planters were not inherently distinctive, the Third Circuit properly recognized that pursuant to the facts, the court was dealing "exclusively with trade dress said to inhere in the product itself, rather than trade dress alleged in a product's packaging." *Id.* at 1439. In choosing to apply a three-prong definition, the Third Circuit concluded that such definition embodied the "proper set of circumstances for treating a product configuration as inherently distinctive." *Id.* at 1448. Specifically, the Third Circuit stated:

> These circumstances are characterized by a high probability that a product configuration serves a virtually exclusively identifying function for consumers — where the concerns over "theft" of an identifying feature or combination or arrangement of features and the cost to an enterprise of gaining and proving secondary meaning outweigh concerns over inhibiting competition, and where consumers are especially likely to perceive a connection between the product's configuration and its source.

Id.

An understanding of the *Duraco* definition requires analysis of each of its constituent elements. At its heart, each of the prongs seeks to ensure that the alleged trade dress will be protected only when the product configuration is recognized and functions as a designation of origin, the fundamental rationale of trade dress law. In the event a product's configuration does not meet each of the required three prongs of the Third Circuit's definition of "inherently distinctive," it is unlikely that consumers will identify the

product's configuration with the source of the product. Absent such identification, as discussed above, the product's configuration should not be entitled to trade dress protection.

A. Prong One: Unusual And Memorable

The unassailable starting point is an inquiry as to whether the alleged trade dress is "unusual and memorable," *i.e.*, whether the configuration evidences uniqueness and a high degree of creativity. The purpose of the "unusual and memorable" prong of the definition is to ensure that the product configuration has "the capacity to distinguish goods in a consumer's mind — the first prerequisite for inherent distinctiveness." *Duraco*, 40 F.3d at 1449. The product configuration "must partake of a unique, individualized appearance, so that a consumer informed of all the options available in the market could reasonably rely on it to identify a source." *Id.* Clearly, commonplace configurations and many combinations of otherwise commonplace configurations are so lacking in uniqueness that they would fail to satisfy this element.

B. Prong Two: Conceptually Separable From The Product

A product configuration must also be "conceptually separable from the product" to be inherently distinctive and entitled to trade dress protection. *Duraco*, 40 F.3d at 1448. This requirement is necessary to ensure that consumers "recognize its [the product's] symbolic (signifying) character." *Id.* at 1449. Prong two thus requires product configurations which have not yet acquired secondary meaning to nonetheless be "recognizable by the consumer 'as an indicium of source, rather than a decorative symbol

or pattern. . . .' " *Id.* In explaining its rationale for this prong, the Third Circuit stated:

> As with trademarks, an inherently protectable product configuration must, at least conceptually, be "something other than, and separate from, the merchandise." *Davis v. Davis*, 27 F. 490, 492 (C.C. Mass. 1886). That is, the configuration for which protection is sought must not appear to the consumer as a mere component, or the essence, of the product gestalt, but rather must appear as something attached (in a conceptual sense) to function in actuality as a source designator — it must appear to the consumer to act as an independent signifier of origin rather than as a component of the good.

Id. at 1449-50 (citations omitted). In essence, the element of the product configuration claimed to constitute protectible trade dress must be separate and apart from the product itself, thus giving reasonable assurance that, like packaging or labelling, the elements of the configuration are distinct from the product and function as an identifier of source. This prong of the definition also serves to assure that features of the product configuration which are aesthetically functional remain outside the scope of protectable trade dress. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 170 (1995); *Publications Int'l, Ltd. v. Landoll, Inc.*, 164 F.3d 337, 339-42 (7th Cir. 1998); *Coach Leatherware Co. v. AnnTaylor, Inc.*, 933 F.2d 162, 171 (2d Cir. 1991); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17, Comment c, at 175-76 (1995).

In *Duraco*, for example, the Third Circuit held that plaintiff's product configuration was not separable from the product itself and therefore failed the second-prong of the

"inherently distinctive definition." "[T]he features of the Grecian Classics for which Duraco seeks protection are designed to achieve the goal of having the planter appear as if constructed of marble or stone, and thus constitute part and parcel of the overall product." *Duraco*, 40 F.3d at 1452.

C. Prong Three: Likely To Serve Primarily As A Designator Of Origin Of The Product

This prong quite correctly requires that to be inherently distinctive a product configuration must be likely to serve to identify the source of the product. *Duraco*, 40 F.3d at 1450. In the words of the Third Circuit:

> If the configuration itself, separate from the product, is likely to serve some substantial purpose other than as a designation of origin — that is, besides to set it apart from other sources' products in consumers' minds — then it cannot be inherently distinctive, but must acquire secondary meaning before becoming entitled to protection against copying.

Id.

This prong differs from the concept of secondary meaning in that it does not focus on consumers' actual mental associations between the product and source of origin, but instead "focuses on whether a consumer would likely perceive the feature or combination or arrangement of features as something that renders the product intrinsically more desirable regardless of the source of the product, or primarily as a signifier of the product's source." *Id.* To allow trade dress protection of product configurations which did not meet this test solely because the "configuration is pleasant

rather than because it identifies the source of the product would risk seriously transgressing the protective zones mapped by the patent laws." *Id.*

In sum, the three prong definition formulated by the Third Circuit is consistent with fundamental principles of trade dress law and best accomplishes the balance sought by Congress between encouraging innovation and protecting an innovator's good will on the one hand and promoting and protecting market competition and consumer well-being on the other.

IV.

THE SECOND CIRCUIT APPLIED AN INCORRECT TEST FOR INHERENT DISTINCTIVENESS AND IN ANY EVENT MISAPPLIED THE DEFINITION TO THE FACTS OF THE CASE

The majority opinion below is in error because the two-judge majority applied an overly broad definition of "inherently distinctive" to the facts, a definition which clearly was not authorized or suggested by *Two Pesos* or any other decision of this Court. The Second Circuit appears to limit its inquiry into whether a product configuration is "inherently distinctive" to only the issue of "whether the design was likely to be understood as an indicator of the product's source." *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 378 (2d Cir. 1997); *Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F.3d 996, 1008 (2d Cir. 1995).

Prior Second Circuit opinions have acknowledged the need for a higher standard in product configuration cases than in traditional trade dress cases. *Landscape Forms*, 113 F.3d at 378; *Knitwaves*, 71 F.3d at 1008. Unfortunately,

however, the unspecific nature and the limited inquiry suggested by the Second Circuit's definition of "inherently distinctive" is prone to lead to a misapplication of the definition to the particular facts and to the unwarranted granting of trade dress protection, as in the case at bar.

The limited nature of the inquiry suggested by the Second Circuit's definition falls short of that employed by the Third Circuit in *Duraco*. Among other things, the Second Circuit formulation: (a) omits the important focus on uniqueness of the configuration, (b) does not address the distinction between the product and its dress, and (c) is vague in its articulation of the element of consumer perception. The absence of specificity and focus virtually assures that the Second Circuit test of "inherently distinctive" trade dress will create additional litigation and leave unresolved the uncertainties now confronted by competing manufacturers under the present unsettled state of federal law.[6]

It is important to note that protectable trade dress carries with it no registration requirement or other public notice of ownership. There is no regulatory mechanism for an initial determination of the distinctiveness (or lack thereof) of a product's trade dress. A competitive entrant into a market has no ability to ascertain whether any unregistered product design or image is or is not in the public domain and no opportunity to modify or alter his design to avoid a later

6. The Second Circuit's inability to apply its own test is apparent from the split decision in the case at bar. After reviewing the same facts and applying the same standard of law, the three judge panel was unable to reach a unanimous conclusion as to how the facts applied to the law, as evidenced by the dissenting opinion of Judge Newman. *See generally Samara Bros., Inc. v. Wal-Mart Stores, Inc.*, 165 F.3d 120 (2d Cir. 1998) (Newman, CJ. dissenting).

claim of trade dress infringement. The need for a clear definition which takes note of the complexities of the problem and the interests of consumers and competitors is manifest. The *Duraco* definition appears to best address these issues.

Application of the *Duraco* definition to the facts at bar shows that the alleged trade dress herein is not inherently distinctive and should not be afforded trade dress protection. Samara dresses are not likely to be deemed "unusual and memorable." Seersucker fabrics in clothing are hardly unique. Appliques are not novel to the children's clothing industry. Every day symbols such as strawberries and trains are in no way unusual in children's clothing styles.

Moreover, the alleged product configuration does not appear to be separate from the product itself. The product is a child's dress. While the alleged trade dress may make the product more appealing, there is no evidence that the "look" was meant to identify source of origin. *Samara Bros., Inc. v. Wal-Mart Stores, Inc.*, 165 F.3d 120, 127-28 (2d Cir. 1998). Samara's product configuration not being separable from the product itself should not be entitled to trade dress protection absent proof of secondary meaning. *Duraco Prods., Inc. v. Joy Plastic Enter., Ltd.*, 40 F.3d 1431, 1448-50 (3d Cir. 1994).

V.

THE NEED FOR A STRICT STANDARD IN PRODUCT CONFIGURATION CASES IS MORE ACUTE WHEN TRADE DRESS PROTECTION IS SOUGHT FOR AN ENTIRE PRODUCT LINE

The need for a narrow definition of inherently distinctive product configurations becomes even more acute when

considering a claim for trade dress protection not for a specific product but for an entire "product line," including products which do not embody the specific elements claimed as protectable trade dress. Courts have recognized the additional concerns of extending protection from one product configuration to an entire line of related product configurations. *See Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 378 (2d Cir. 1997); *Regal Jewelry Co. v. Kingsbridge Int'l, Inc.*, 999 F. Supp. 477, 486 (S.D.N.Y. 1998). As noted by the Second Circuit:

> [A plaintiff] seeking to protect a series or line of products faces a particularly difficult challenge of showing that the appearance of its several products is sufficiently distinct and unique to merit protection as a recognizable trade dress. . . . Accordingly, when protection is sought for an entire line of products, our concern for protecting competition is acute.

Landscape Forms, 113 F.3d at 380 (cited with approval in the dissenting opinion of Judge Newman in the case at bar); *Rose Art Indus., Inc. v. Raymond Geddes and Co.*, 31 F. Supp.2d 367, 373 (D.N.J. 1998). Trade dress protection should be granted to product lines in only extreme cases. *Landscape Forms*, 113 F.3d at 380.

Adoption of the *Duraco* definition of "inherent distinctiveness" will permit the lower courts to focus on the relevant issues underlying a claim for protection of the trade dress of a particular product configuration, and avoid the inexact factual analysis reflected in the majority decision below.

CONCLUSION

For each of the foregoing reasons, this Court should reverse the Second Circuit's determination below, reiterate the need for secondary meaning where trade dress protection is sought for a specific product configuration, and adopt the definition of "inherent distinctiveness" contained in the Third Circuit's opinion in *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431 (3d Cir. 1994).

Respectfully submitted,

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